

Current Market Outlook

Domestic Weekly Price Scenario: Cotton spot markets noticed mostly firm tone during the week.

Average price of Lint at Sirsa during the week was Rs. 4576 per maund (of 37.32 Kg each), compared to the previous week price of Rs 4617. Cotton fiber (Shankar-6) prices noticed firm tone this week. Average price was Rs 42633 per candy (of 355.6 kg each) during the week, which was Rs 42533 per candy previous week. Future price of cotton (at NCDEX, Continuous contract) closed lower this week at Rs. 943 per maund (of 20 kg each) which was Rs 988 a week earlier.

Cotton Price Outlook (For Coming Week): In the coming week we expect Kapas price to remain range bound to weak with the price band of Rs. 5400-5800 per quintal in the bench mark market. Lint price at Sirsa is likely to be in range of Rs 4400-4800 per maund. Kapas prices at NCDEX (Continuous contract), is expected to hover in the range of Rs.900-1000 per maund (of 20 kg each).

Major Market Highlights: The Indian Council of Agricultural Research (ICAR)- Central Institute of Cotton Research (CICR) predicted India's cotton acreage area to rise by 7-10 per cent this year (2017-18) from 105 lakh hectares of land brought under cotton cultivation last year i.e. 2016-17.

As per the latest data released by Indian govt., cotton plantation in the country rose by 32% as 8.93 lakh hectares of land has been brought under cotton cultivation till 19th May, 2017 compared to 6.75 lakh hectares of land cultivated last year during the same interval.

As per the latest report published by USDA, India is expected to produce 28 million bales of cotton in 2017-18 which is 5.7% higher than the cotton produced last year in 2016-17.

The Indian govt. is planning to increase cotton MSP (Minimum Support Price) this year from Rs 3,860/quintal (medium staple cotton) & Rs 4,160/quintal (long staple cotton) in 2016-17 to Rs 4,020/quintal (medium staple cotton) & Rs 4,320/quintal (long staple cotton) in 2017-18.

In the 2016 -17 season, Indian cotton imports have touched an all time high of 30 lakh bales compared to 20 lakh bales previous season. Imports had touched an all time high of 25 lakh bales in 2001 -02 season. According to industry sources, farmers are expected to plant 20% more cotton in 2017 -18 season following good prices fetched during this season. The domestic and international market rates of cotton have been almost on par and most cotton mills in South India have found it feasible to import.

The govt. of India targeted a cotton crop production of 14.40 million bales in 2017-18 compared to the target of 14.1 million bales of production in 2016-17.

AW Cotton Index – 12 Mar. 2017

The Agriwatch Agri Commodities Index gained 0.98% to 110.22 during the week ended March 11, 2017 from 109.15 during the previous week, to end a 5-week falling streak. Cereals and pulses led the Index higher. The base for the Index and all sub-Indices is 2014 (= 100).



The Fiber Index increased by +0.11% week-on-week.



*Agriwatch has recently launched its AW Agri Commodity Indices to enable organizations access independent Indices to track and use to benchmark their purchases and sales. The Indices are based on the daily prices in the key benchmark markets for each commodity that AW has been covering for the past decade. The indices include an Aggregate Index, Category Indices and individual commodity indices. The weekly indices are free to access on our website www.agriwatch.com. The daily indices are available on subscription. Please contact for more details."

Domestic Cotton Prices Scenario

Kapas (Raw Cotton) Weekly Price Scenario

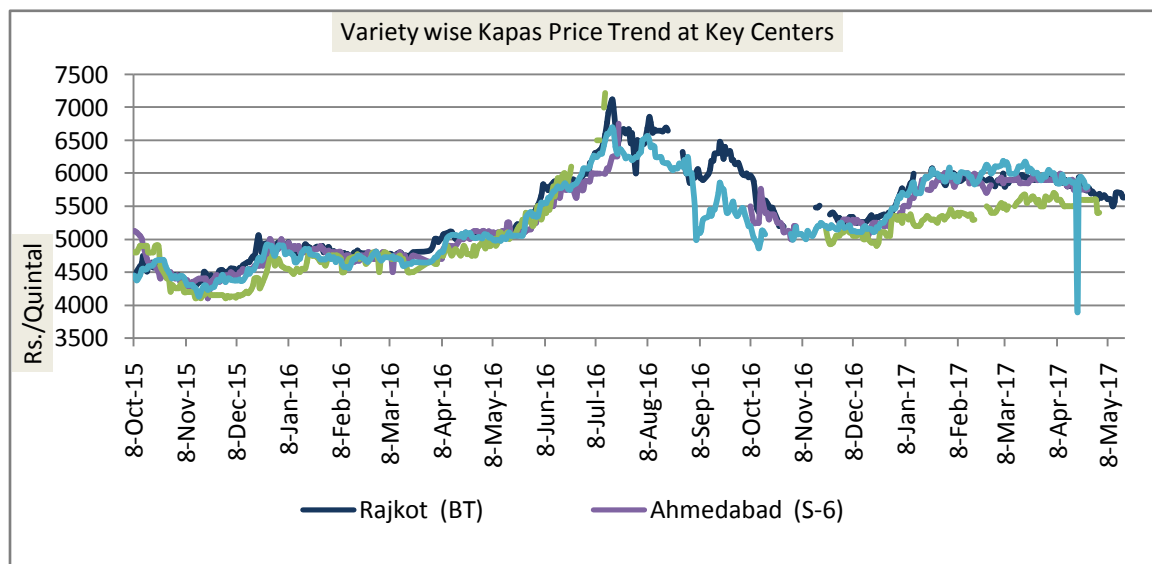
Weekly Price Review:

Weekly kapas average price at Rajkot fell from Rs 5655/quintal to Rs 5653/quintal this week.

According to latest report of USDA attaché, India's 2016/17 cotton production forecast is 27.00 million 480 lb. bales on marginally lower acreage of 11.8

million hectares. Higher yields are expected through a combination of better crop, pest, and weed management practices and assuming a normal monsoon

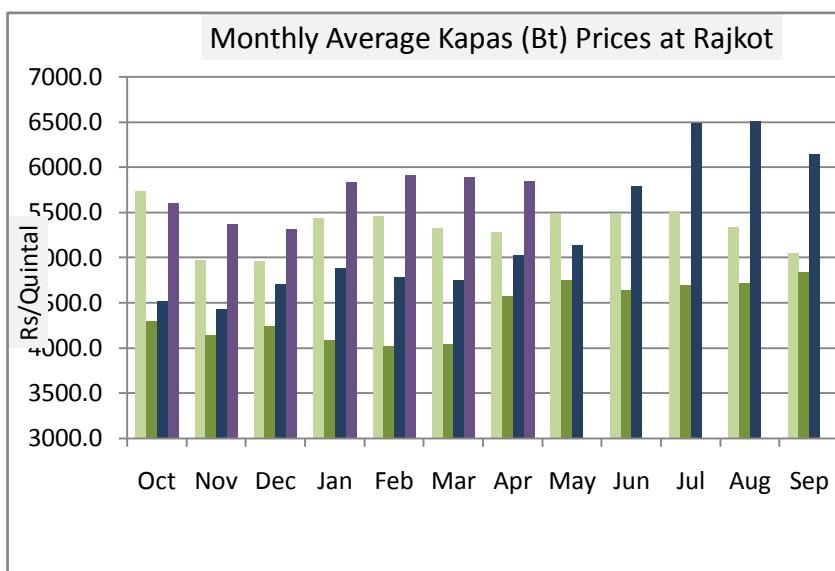
Weekly Price Outlook: Kapas prices are expected to remain range-bound to weak in coming days. The expected range for Kapas at Rajkot is Rs 5400-5800per quintal for the coming week.



Kapas Monthly Y-o-Y Price Scenario

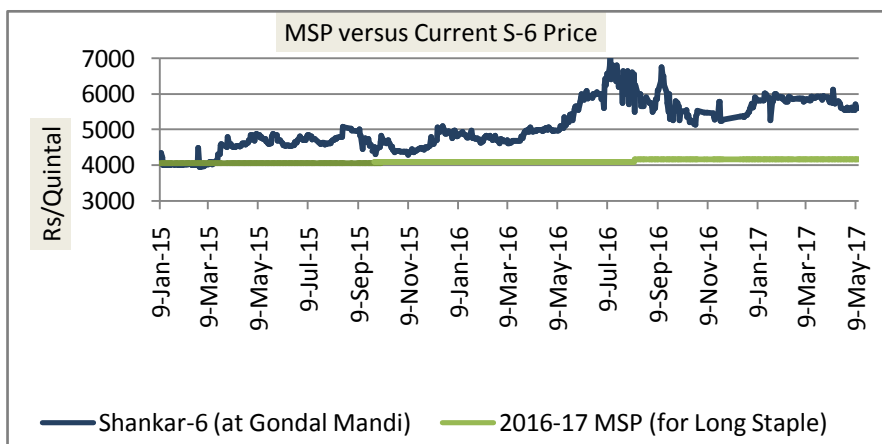
Kapas(seed cotton) prices in country noticed mixed tone during the April month when compared to the previous month, and the same is ruling higher compared to the prices during the corresponding month of the previous season.

Monthly average price of Kapas at Rajkot remained Rs.545 per quintal during April, which was Rs.5893 during previous month and Rs.5029 per quintal during the corresponding month last year. We expect Kapas prices to remain range –bound to weak in the coming month. The expected price range for May month is likely to be Rs 5500-6000 per quintal.



Spot Price versus MSP

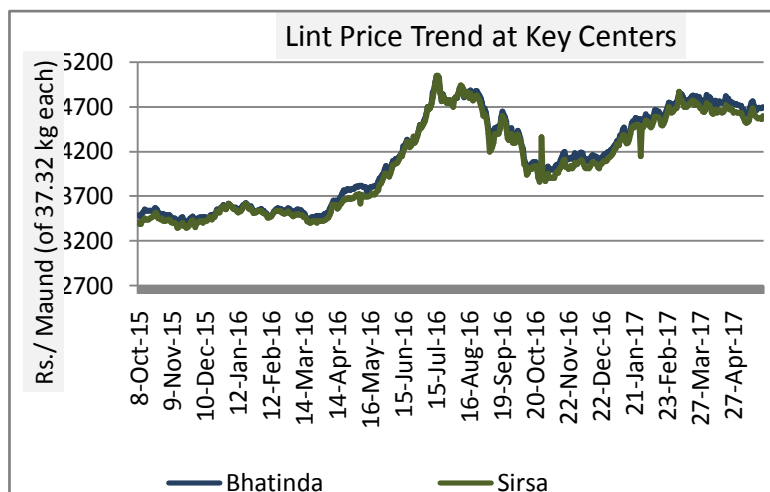
The Kapas prices are ruling above the MSP so far. The gap between the two prices has decreased this week. The average gap between the prices was Rs.1382 this week compared to Rs.1453 a week earlier. This indicates prices are decreasing



Lint (De-Seeded Cotton) Weekly Price Scenario

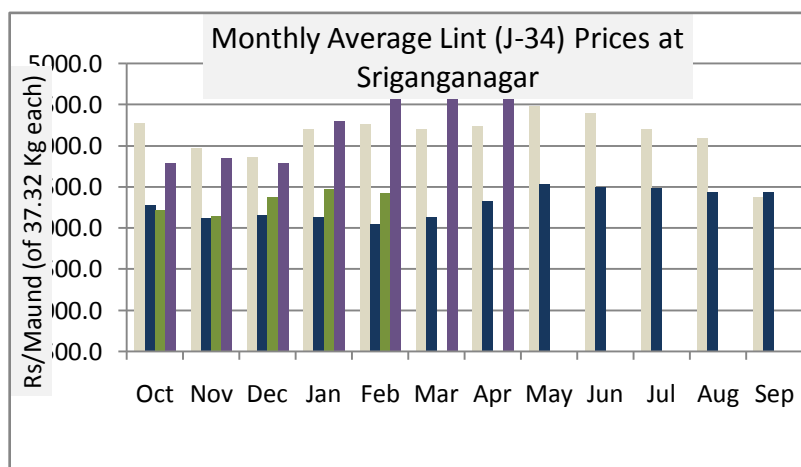
Weekly Price Review: Lint prices remained weak during the week owing to light tone prevailing in market. Weekly average price of Lint at Sirsa remained Rs. 4576 per maund of 37.32 kg each, lower compared to the previous week price of Rs. 4617 per maund.

Weekly Price Outlook: Lint prices are expected to remain range bound to pale during the week. We expect Lint at Sirsa to remain in the range of Rs. 4400-4800 per maund.



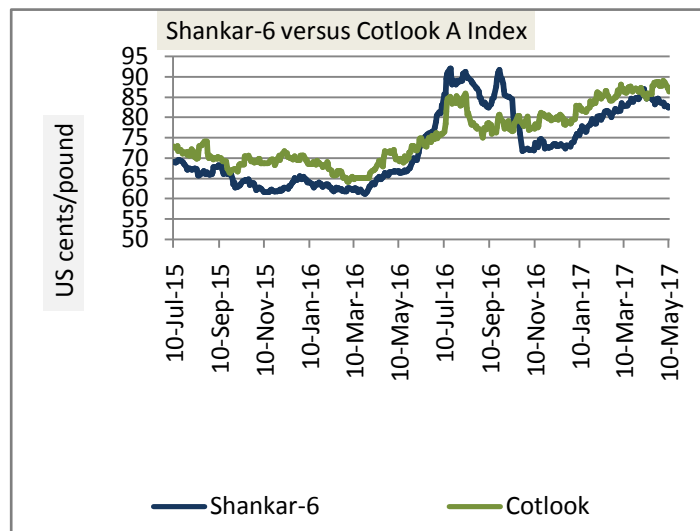
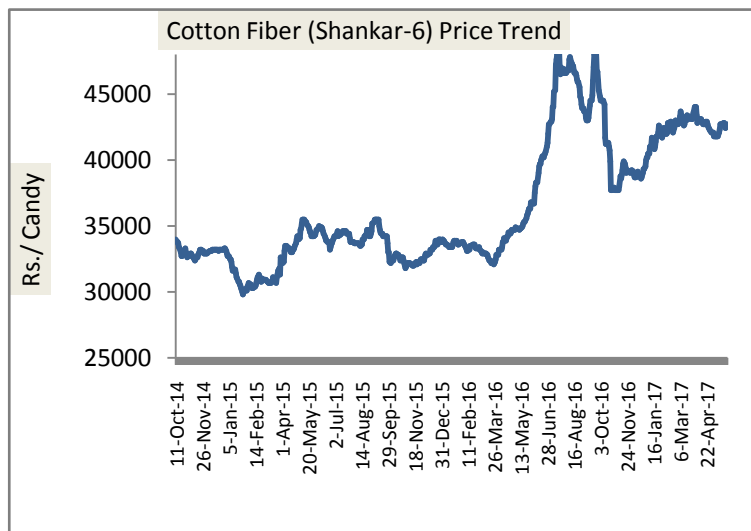
Lint Monthly Y-o-Y Price Scenario

Monthly average price at Sri Ganganagar in April was Rs.4713/Qtl compared to Rs.4903/Qtl in March.



Cotton Fiber Weekly Price Scenario

Following range -bound movement in Kapas prices, cotton fiber witnessed firm tone this week. Weekly average price of cotton (Shankar-6) at Mumbai remained Rs.42633 per candy (of 355.6 kg each) compared to Rs. 42533 per candy in the previous week.

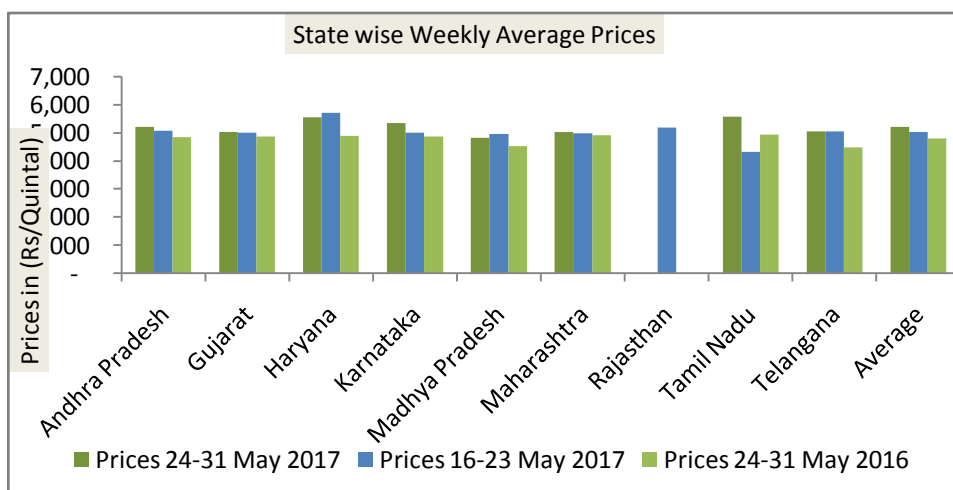


Indian Fiber price versus International Fiber Price: Indian fiber prices are ruling below the international price. Against the weekly average Cotlook A Index of 88.01 cents/pound, Indian weekly average price stood at 83.93 cents/pound, making Indian fiber competitive in international market.

Weekly Price Outlook: Shankar-6 price in the coming week is expected to hover in range of Rs 40000-45000 per candy.

State wise Weekly Price Scenario

On week on week basis, prices are by and large showing firm trend in most of the States, highest price was recorded in Tamil Nadu followed by Haryana this week and lowest was in Madhya Pradesh followed by Maharashtra. On year on year basis, cotton prices are reflecting uptrend in most of the States. Prices have been summarized in the table given in annexure.



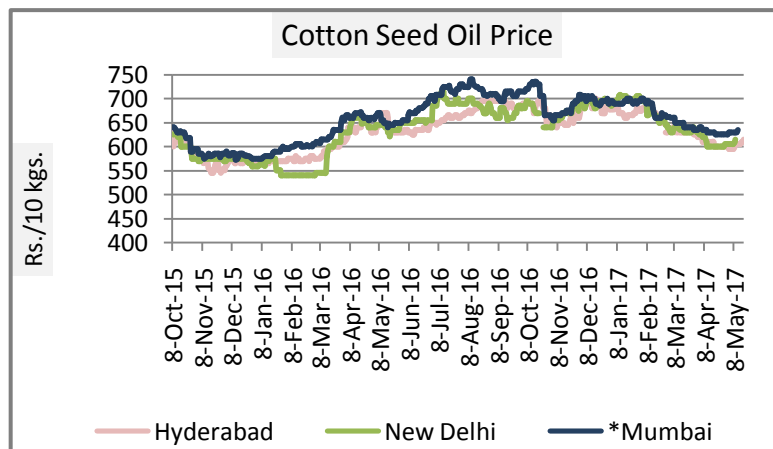
Cotton Seed Oil and Cotton Seed Oil Cake

Cotton Seed Oil Weekly Price Scenario

Cotton seed oil price mostly remained firm during the week. Weekly average price in New Delhi remained Rs 631 per 10 Kg, higher compared to the weekly average price of Rs 608 per 10 Kg in previous week.

Centers	Weekly Average Price as on (Rs/10 kg.)		% Change
	25-May-17	18-May-17	
New Delhi	631	608	3.84
Rajkot	651	628	3.64
Hyderabad	616	608	1.23
Mumbai*	639	631	1.29

**Vat Included*

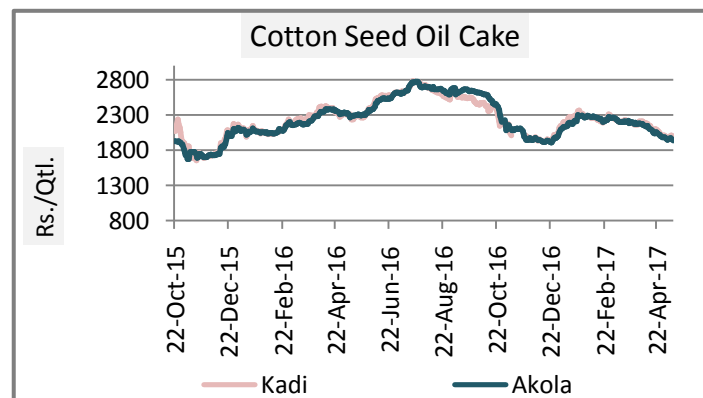


Cotton Seed Oil Cake Weekly Price Scenario

Cotton seedoil cake price noticed pale tone during the week. Weekly average price in Akola remained Rs 1932 per quintal, lower compared to the weekly average price of Rs 1940 per quintal in the previous week.

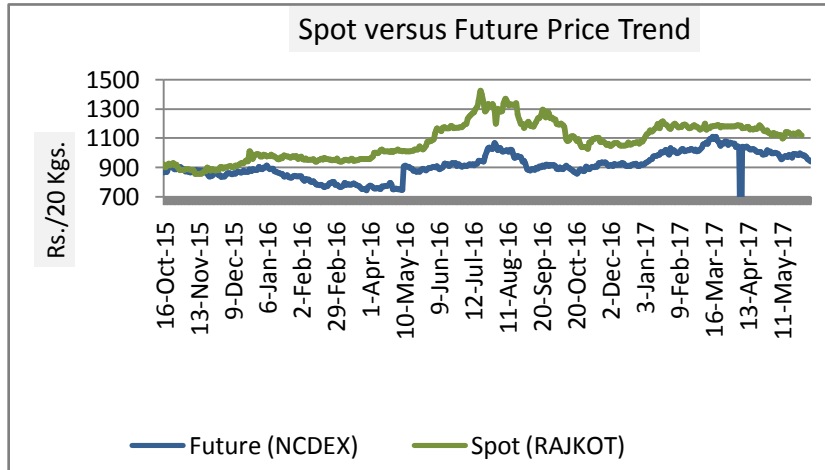
Centers	Weekly Average Price as on (Rs/quintal.)*		% Change
	25-May-17	18-May-17	
Kadi	1966	1991	-1.24
Akola	1932	1940	-0.43

**Source: NCDEX*

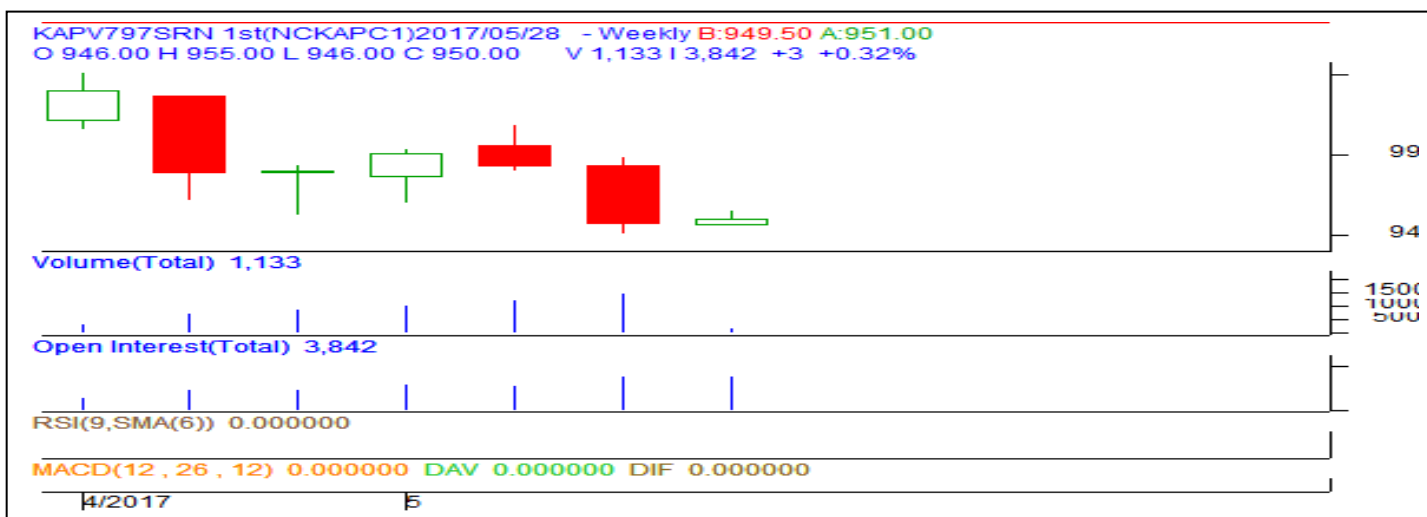


Cotton Spot and Future Price Trend

Cotton future price closed lower this week. Kapas at NCDEX (Continuous chart) closed at Rs.943 as on 25 May 2017, compared to 988 a week earlier. The gap between the spot and future prices has increased. Average gap between the spot and future price during the week was Rs.165.9 which was Rs 141.8 a week earlier.



Technical Analysis of Kapas Future Prices at NCDEX(Continuous Chart C1)



Weekly Technical Outlook:

- Kapas prices increased while volume and O.I decreased for the week.
- RSI is hovering in a neutral zone.
- MACD signal line and center line denotes neutral crossover.

Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Range-bound To Firm Momentum	900-1000

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
850	800	1080	1100
Figures in Rs/20 Kg			

International Market Scenario

International cotton prices remained range bound to pale during the week. Cotlook A index weekly average stood at 88.01 cents/pound this week, which was 91.23 cents/pound during last week.

Major Market Highlights: As per the latest report published by USDA, China is projected to produce 23.5 million bales of cotton in 2017-18 which is 3% higher than the cotton produced last year in 2016-17. While an increase in acreage area and improvement in yield could cause Pakistan to produce 8.5 million bales of cotton in 2017-18. Cotton production in Brazil and Australia too is projected to increase by 3% and 9% respectively in 2017-18.

In a bid to discourage imports and to promote domestic sowing and harvesting of cotton, the Pakistan govt. had re-imposed import duty of 4% & sales tax of 5% on import of cotton to the country that is going to get effective from 15th July, 2017.

According to the latest report published by International Cotton Advisory Committee (ICAC), world's cotton area is likely to increase by 5% to 30.8 million hectares in 2017-18. A higher cotton price in China and a stable cotton policy there, the area under cotton cultivation is expected to increase by 3% to 2.9 million hectares while cotton production is expected to increase by 1% to 4.8 million tonnes in 2017-18. While, U.S is expected to increase its cotton acreage area by 12% this year to 4.3 million hectares and its production is expected to lie somewhat around at 4 million tonnes.

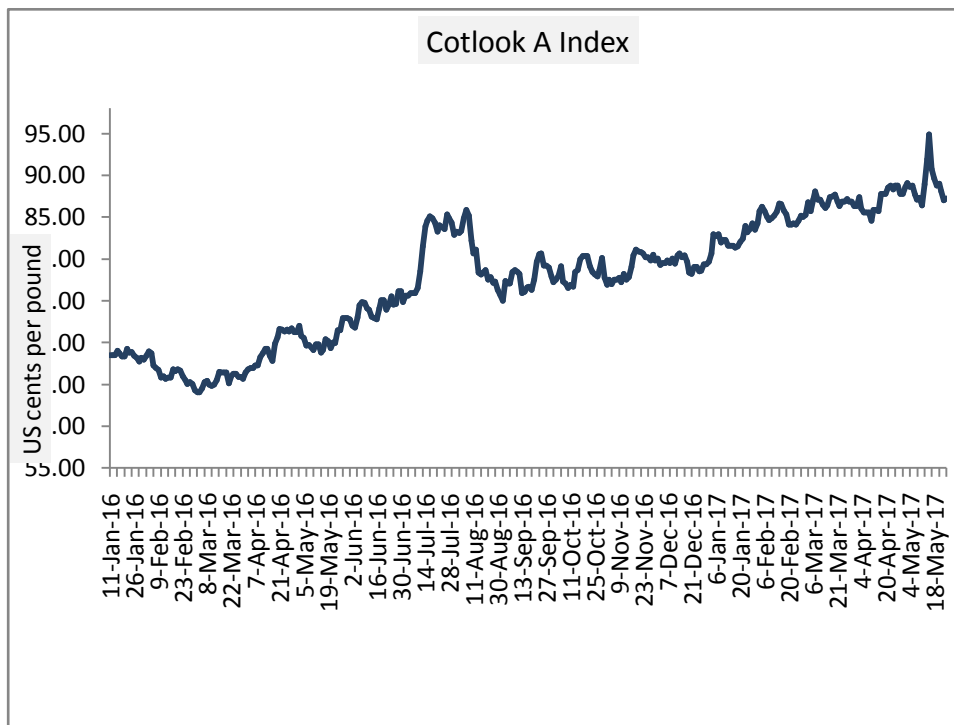
On the other hand, as per the same report issued by ICAC; world cotton use is expected to increase by 2% to 24.6 million tonnes in 2017-18. Cotton use in China, which is amongst the largest consumer, is projected to increase by 1% to 7.7 million tonnes in 2017-18. Due to the various government initiative introduced to promote cotton export by Pakistan, the cotton use in the country is also expected to increase by 1% to 2.3 million tonnes in 2017-18. Mill use in Bangladesh is also projected to rise by 5% to 1.5 million tonnes in 2017-18.

According to agriculture ministry, Mali's cotton production for the upcoming 2017/18 season is estimated at 725,000 tonnes compared to 645,000 tonnes in the current season. Plantation of more land, renewing subsidies and continuing a two-year-old programme that provides tractors at reduced prices will help in achieving higher production in the coming season.

Good demand for quality lint, increasing prices in the global markets and lack of availability of quality cotton led to increase in cotton prices in Pakistan during the previous week. The Karachi Cotton Association increased its spot rates by Rs. 50 to Rs 6,700 per maund (37.3242 kg) and Rs 7,180 for 40 kg. The Ex-Karachi rates also increased to Rs 6,835 per maund and Rs 7,325 for 40 kg. There is good buying from the millers amid limited stocks with ginneries.

Cotlook A Index

Cotlook A index remained pale during the week.



Cotlook A Index	Weekly Average Price as on		% Change
	25-May-17	18-May-17	
Prices	88.01	91.23	-3.5
Prices in US cents per Pound			

China Cotton Index and Foreign Cotton Index

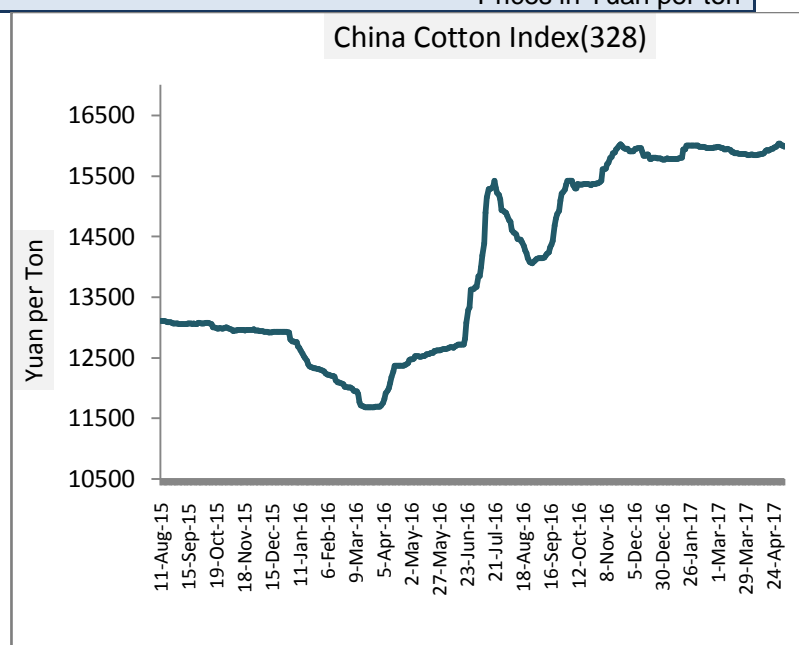
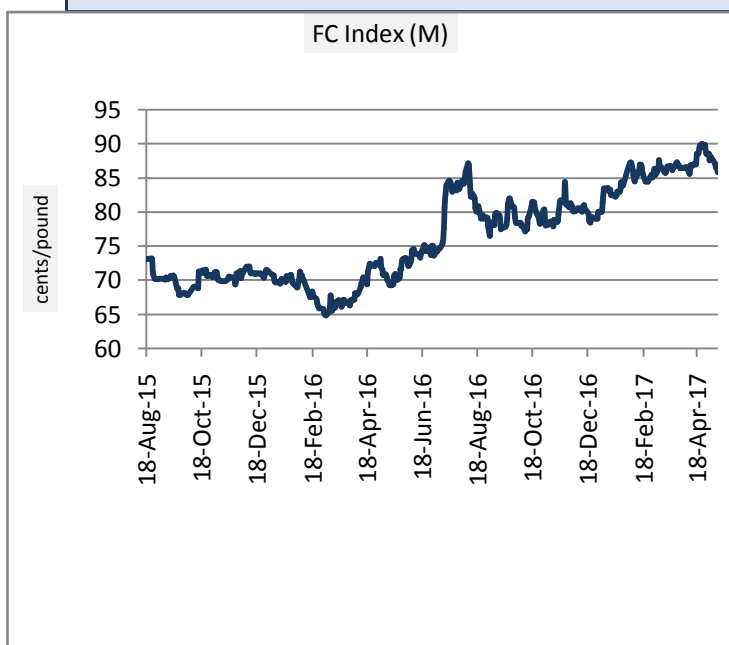
According to the National Bureau of Statistics, cotton production in China declined by 4.6 per cent in 2016 to 5.34 million tons compared to the previous year. Production has declined amid decline in acreage and yields. Acreage has declined by 11.1 per cent to 3.38 million hectares. Yields of cotton declined by 260,000 tons to 5.34 million tons.

In 2016, China's cotton yarn import declined by 30 per cent y-o-y to 960 mkg worth US\$2430 million. According to report released by www.yarnsandfibers.com (YarnsandFibers), imports from India declined by 49 per cent to US\$560 million for 231 mkg. Price-wise, Pakistan was the cheapest supplier of cotton yarn for China, followed by India and then by Vietnam.

Cotton Index	Weekly Average Price as on		% Change
	25-May-17	18-May-17	
FC (S)	90.04	91.83	-1.95
FC (M)	87.24	89.09	-2.08
FC (L)	84.94	87.31	-2.72
Prices in US cents per Pound			

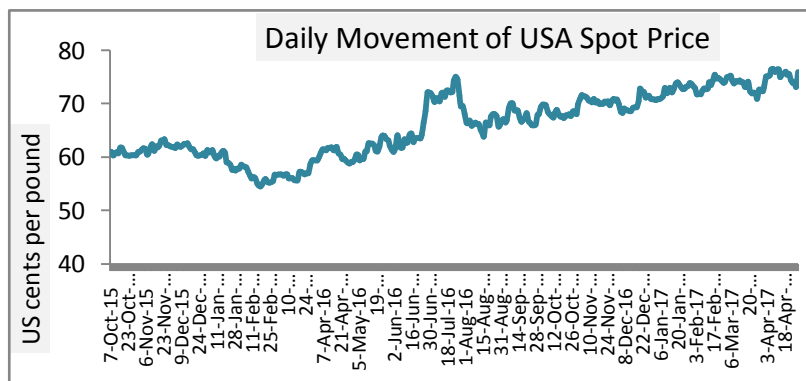
China Index remained firm during the week. CC Index (328) remained 16071 Yuan per ton during the week. Average was 16021 Yuan per ton during previous week.

Cotton Index	Weekly Average Price as on		% Change
	25-May-17	18-May-17	
CCIndex(328)	16071	16021	0.31
CCIndex(527)	15040	15001	0.26
CCIndex(229)	16452	16407	0.27
Prices in Yuan per ton			



USA Spot Prices

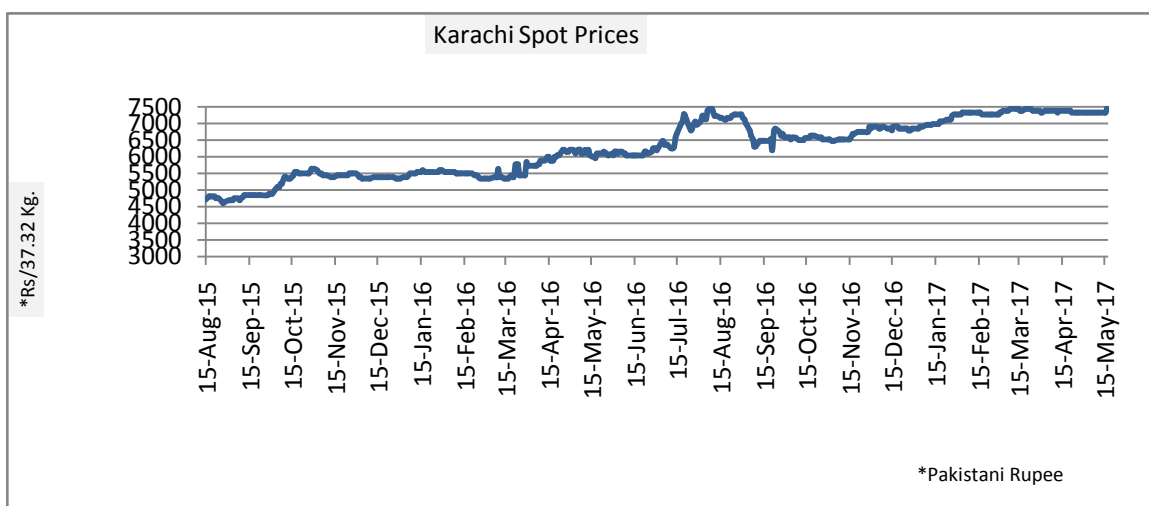
According to latest report of USDA, global 2016/17 cotton ending stocks are revised down this month. Production in Pakistan is estimated to be lower, based on arrivals at gins, but higher in China. World ending stocks are now projected at 90.48 million bales.



USA Spot Prices	Weekly Average Price as on		% Change
	25-May-17	18-May-17	
Prices	75.22	78.01	-3.58
Prices in US cents per Pound			

Pakistan Spot Prices

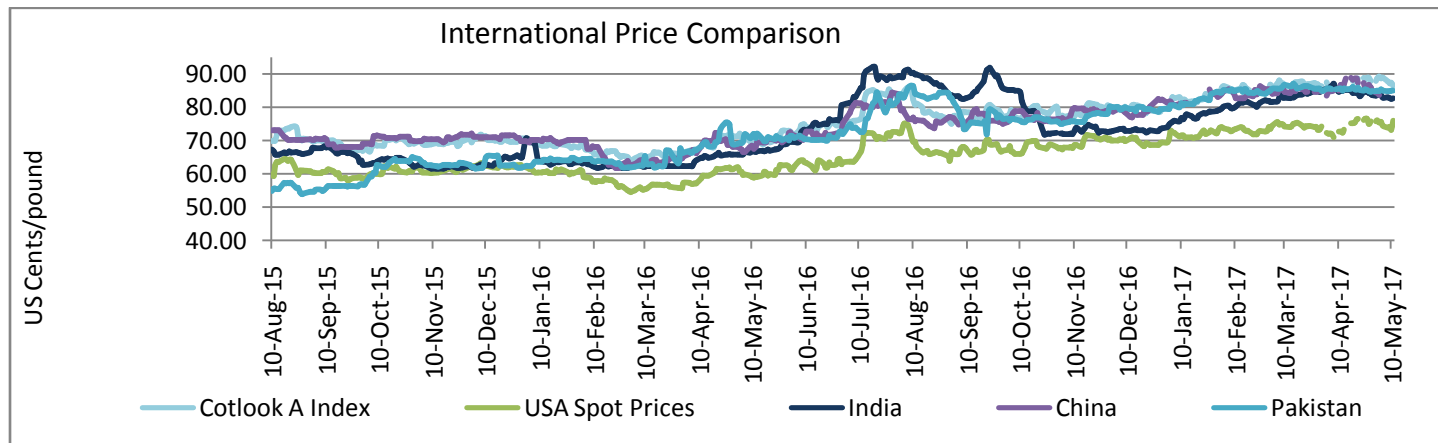
Annual growth output of Cotton in Pakistan has slowed to 12.3 per cent amid lower arrivals of seed cotton during the period December 01-15, 2016. Pakistan has harvested 10.147 million bales of cotton up to December 15, 2016 according to data released



by the Pakistan Cotton Ginners Association. Seed cotton arrivals during the same period declined by 3 per cent to 389,490 bales. According to the latest estimates, Pakistan is expected to produce 10.542 million bales during the current season.

Karachi Spot Prices	Weekly Average Price as on		% Change
	25-May-17	18-May-17	
Prices	7406	7379	0.37
Prices in Rs per 37.32 Kg			

International Price Comparison



Technical Analysis of Cotton Future (Jul'17 Contract) at ICE



Weekly Technical Outlook:

- Candlesticks denote range-bound movement in the market.
- Volume decreased while Open Interest increased.
- We expect cotton prices to remain sideways to firm in the coming week.

Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Range bound to Bearish Momentum	74.00-88.00

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
75.43	72.14	85.64	87.82

Figures in US cents/pound

Cotton Future Prices at ICE

Contracts	24-May	Week Ago	Month ago	Year Ago	%W-o-W change	%M-o-M change	%Y-o-Y change
Jul-17	77.54	80.17	78.79	63.01	-3.28	-1.59	23.06
Oct-17	74.50	76.56	75.20	63.23	-2.57	-0.93	17.82
Dec-17	73.08	74.46	74.95	62.45	-1.80	-2.49	17.02
Mar-18	72.85	73.75	74.73		-1.21	-2.52	
May-18	73.18	73.80	74.65		-0.84	-1.97	
Jul-18	73.38	73.79			-0.56		

Domestic Cotton Prices and Arrivals at Key Centers
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Weekly Average Prices (Rs./Quintal)		Change
State	Centre	Variety	20th to 26th May 2017	13th to 19th May 2017	
Gujarat	Ahmedabad	Shankar-6	5550	5525	25
	Gondal	Shankar-6	5508	5615	-108
	Rajkot	B.T. Cotton	5643	5672	-29
	Patan	B.T. Cotton	5850	5357	493
	Kadi	B.T. Cotton	5613	5721	-108
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	4894	5258	-364
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5871	5825	46
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NA	NA	-
	Fatehabad	B.T. Cotton	NA	NA	-
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	NA	NA	-
	Rawatsar	B.T. Cotton	NA	NA	-

Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	5603	5497	107
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	5182	5155	27
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	5117	5158	-42
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	4160	4160	Unch
Karnataka	Bijapur	Bunny	5829	5868	-39
	Hubli	D.C.H.	5509	5594	-85
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5606	5580	26
Commodity	Lint		Prices (Rs./Maund of 37.32kg each)		Change
State	Centre	Variety	20th to 26th May 2017	13th to 19th May 2017	
Punjab	Bhatinda	J-34	4690	4713	-23
	Abohar	J-34	4685	4713	-28
	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4579	4623	-44
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Weekly Sum Arrivals (Quintal)		Change
State	Centre	Variety	20th to 26th May 2017	13th to 19th May 2017	
Gujarat	Ahmedabad	Shankar-6	142800	153000	-10200
	Gondal	Shankar-6	6141	4408	1733
	Rajkot	B.T. Cotton	9825	8620	1205
	Patan	B.T. Cotton	433	3625	-3192
	Kadi	B.T. Cotton	67500	102500	-35000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	428	494	-66
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-

Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NA	NA	-
	Fatehabad	B.T. Cotton	NA	NA	-
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	NA	NA	-
	Rawatsar	B.T. Cotton	NA	NA	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	5400	11050	-5650
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	967	1280	-313
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	231	1331	-1100
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	5835	8451	-2616
	Hubli	D.C.H.	174	3170	-2996
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	982	1087	-105
Commodity	Lint		Weekly Sum Arrivals (Quintal)		Change
State	Centre	Variety	20th to 26th May 2017	13th to 19th May 2017	
Punjab	Bhatinda	J-34	1020	1105	-85
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	1020	1190	-170
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Weekly Average Prices		+/- Change
				19th to 25th May 2017	12th to 18th May 2017	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	35550	35283	267
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	36500	36283	217

J-34(202)	26mm	3.5 - 4.9	23	43400	43650	-250
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	40733	40733	Unch
Shankar-6(105)	29mm	3.5 – 4.9	28	42633	42533	100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	44200	44250	-50
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	46067	46167	-100
DCH-32(107)	34mm	3.0 - 3.8	33	55050	56800	-1750

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp> © 2017 Indian Agribusiness Systems Pvt Ltd.